

**Terrebonne Economic  
Development Authority**

Annual Financial Report  
As of and for the  
Year Ended December 31, 2012

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Annual Financial Report  
As of and for the Year Ended December 31, 2012

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Terrebonne Economic Development Authority  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the aggregate discretely presented component unit of the Terrebonne Economic Development Authority (the Authority), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes



To the Board of Commissioners  
Terrebonne Economic Development Authority  
Terrebonne Parish Consolidated Government

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate discretely presented component unit of the Terrebonne Economic Development Authority, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7 and the budgetary comparison schedule on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

To the Board of Commissioners  
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contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Martin and Kelly".

Houma, Louisiana  
May 31, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2012

As management of the Terrebonne Economic Development Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2012.

**NEW ACCOUNTING PRONOUNCEMENT IMPLEMENTED**

The Authority implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year 2012. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

**FINANCIAL HIGHLIGHTS**

- Terrebonne Economic Development Authority's assets exceeded its liabilities by \$893,255 (net position) as of December 31, 2012.
- Revenues exceeded expenditures by \$154,204 during the year.
- The Terrebonne Economic Development Authority requested grant funding totaling \$114,835 during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the Authority's financial statements. The Terrebonne Economic Development Authority's financial statements consist of following:

**Statement of Net Position.** This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

**Statement of Activities.** Consistent with the full accrual basis method of accounting, this statement accounts for the entity-wide current year revenues and expenses regardless of when cash is received or paid.

**Balance Sheet – Governmental Fund.** This statement presents the Authority's assets, liabilities, and fund balance for its general fund only.

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Type – General Fund.** Consistent with the modified accrual basis method of accounting, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in fund balance.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2012

**OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)**

**Notes to Financial Statements.** The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

**BASIC FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, assets exceeded liabilities by \$893,255 at the close of the most recent year, December 31, 2012. The largest portion of the Authority's total assets is cash and cash equivalents (67.5%).

**The Authority's Net Position**

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 621,621	\$ 561,658
Due from other governments	90,686	102,794
Due from TEDFO	125,000	-
Micro economic development loans	23,162	30,021
Loan to unrelated party	10,767	14,250
Prepaid expense	-	25,000
Prepaid insurance	6,514	5,536
Prepaid rent	3,000	3,000
	<hr/> 880,750	<hr/> 742,259
Capital assets, net of accumulated depreciation	39,931	37,637
<b>TOTAL ASSETS</b>	<hr/> 920,681	<hr/> 779,896
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	17,559	24,015
Payable to Parish Government	4,866	16,830
Capital lease obligation	5,001	-
<b>TOTAL LIABILITIES</b>	<hr/> 27,426	<hr/> 40,845
<b>NET POSITION</b>		
Net investment in capital assets	34,930	37,637
Unrestricted	858,325	701,414
<b>TOTAL NET POSITION</b>	<hr/> <hr/> \$ 893,255	<hr/> <hr/> \$ 739,051

- Total assets increased by \$140,785, and total liabilities decreased by \$13,419.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2012

During the year, the Authority's net position increased by \$154,204. The elements of the increase are as follows:

**The Authority's Changes in Net Position**

	<b>For the Year Ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>REVENUES</b>		
Occupational licenses	\$ 673,491	\$ 694,857
Innovation loan and technical assistance grants	62,490	18,938
BP technical claims assistance grant	48,440	36,393
Revolving loan administration fees	34,833	38,000
Other revenue	27,919	35,410
Economic development award program	3,905	-
Louisiana Oil Spill Coordinator's Office grant	-	50,947
Community development block grant	-	21,500
<b>TOTAL REVENUES</b>	<b>851,078</b>	<b>896,045</b>
<b>EXPENSES</b>		
Economic development and assistance:		
Personal services	383,988	443,646
Other services and charges	136,678	210,264
Contract services	86,585	128,107
Travel, training, and trade shows	28,185	7,827
Events and meetings	23,670	-
Advertising	14,379	30,201
Depreciation	14,003	14,148
Office supplies	12,353	14,945
<b>TOTAL EXPENSES</b>	<b>699,841</b>	<b>849,138</b>
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	3,382	4,351
Interest expense	(415)	-
<b>TOTAL OTHER INCOME</b>	<b>2,967</b>	<b>4,351</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 154,204</b>	<b>\$ 51,258</b>

As indicated above, net position increased by \$154,204. This increase is primarily due to the decrease in personal services, other services and charges, and contract services.

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis  
December 31, 2012

**CAPITAL ASSETS**

As of December 31, 2012, the Authority had \$39,931 invested in capital assets as follows:

	<u>2012</u>	<u>2011</u>
Capital assets	\$ 103,482	\$ 99,675
Less accumulated depreciation	(63,551)	(62,038)
	<u>\$ 39,931</u>	<u>\$ 37,637</u>

Capital assets consist of office furniture, equipment, and website upgrades. Depreciation expense for the year is \$14,003. The Authority expended \$16,297 on capital asset additions during the year. The Authority retired capital assets totaling \$12,490 during the year.

**CAPITAL LEASE OBLIGATION**

A lease for a copier purchase that qualified as a capital lease was recorded as a liability during the year. The total amount of principal and interest paid on this lease was \$1,674.

Interest paid on this lease was \$400. More detailed information about the capital lease obligation is presented in the notes to financial statements.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS AND ACTUAL RESULTS**

The Authority's annual budget is adopted on a modified accrual basis of accounting excluding certain noncash items, such as depreciation. The Authority amended its budget twice during the year. The Authority budgeted \$860,080 for revenues and \$790,382 for expenditures.

The Authority's actual revenues were less than the budgeted revenues by \$5,620, a variance of 0.65%. The Authority's actual expenditures were less than the budgeted expenditures by \$86,573, a variance of 10.95%.

**COMPONENT UNIT**

The Authority has one component unit. Terrebonne Economic Development Foundation (TEDFO) is a legally separate, nonprofit organization that reports under FASB standards. TEDFO acts primarily to assist in the efforts of economic development projects.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with such an interest. Call the Authority's office (985-873-6890) attention Donna Washington, Vice President of Operations, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

**FINANCIAL STATEMENTS SECTION**



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Statement of Net Position  
December 31, 2012

	<b>Government Activities</b>	<b>Component Unit TEDFO</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 621,621	\$ 143,263
Due from other governments	90,686	-
Micro economic development loans	10,851	-
Loans to unrelated parties	3,800	7,638
Due from TEDFO	125,000	-
Prepaid insurance	6,514	-
Prepaid rent	3,000	-
Total current assets	<u>861,472</u>	<u>150,901</u>
Capital assets	103,482	55,000
Accumulated depreciation	(63,551)	-
Net capital assets	<u>39,931</u>	<u>55,000</u>
Micro economic development loans, net of current maturities	12,311	-
Loans to unrelated parties, net of current maturities	<u>6,967</u>	<u>50,922</u>
Total noncurrent assets	<u>19,278</u>	<u>50,922</u>
<b>TOTAL ASSETS</b>	<u>920,681</u>	<u>256,823</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	17,559	-
Payable to Parish Government	4,866	-
Due to TEDA	-	125,000
Capital lease obligation, current portion	1,495	-
Total current liabilities	<u>23,920</u>	<u>125,000</u>
Capital lease obligation, net of current maturities	<u>3,506</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>27,426</u>	<u>125,000</u>
<b>NET POSITION</b>		
Net investment in capital assets	34,930	55,000
Unrestricted	858,325	76,823
<b>TOTAL NET POSITION</b>	<u>\$ 893,255</u>	<u>\$ 131,823</u>

The accompanying notes are an integral part of this statement.

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Statement of Activities  
For the Year Ended December 31, 2012

	<b>Government Activities</b>	<b>Component Unit TEDFO</b>
<b>REVENUES</b>		
Occupational licenses	\$ 673,491	\$ -
Innovation loan and technical assistance grants	62,490	-
BP technical claims assistance grant	48,440	-
Revolving loan administration fees	34,833	-
Other revenue	27,919	1,150
Economic development award program	3,905	-
Foundation for Louisiana/Terrebonne mini grant	-	50,000
Other grant	-	2,000
<b>TOTAL REVENUES</b>	<b>851,078</b>	<b>53,150</b>
<b>EXPENSES</b>		
Economic development and assistance:		
Personal services	373,612	-
Contract services	31,852	-
Administrative		
Other services and charges	95,835	5,270
Travel and training	14,434	-
Office supplies	9,667	190
External and internal marketing		
Other services and charges	33,887	-
Events and meetings	23,670	-
Advertising	14,379	-
Travel, training, and trade shows	12,763	-
Innovation loan and technical assistance		
Contract services	31,265	-
Personal services	10,376	-
Supplies and material costs	2,686	-
Travel	205	-
BP technical assistance		
Contract services	23,468	-
Travel	783	-
Other services and charges	128	-
Business retention		
Other services and charges	6,828	-
Foundation for Louisiana/Terrebonne mini grant		
Grants paid to others	-	49,781
Depreciation	14,003	-
<b>TOTAL EXPENSES</b>	<b>699,841</b>	<b>55,241</b>

The accompanying notes are an integral part of this statement.

**Terrebonne Economic Development Authority**  
**Terrebonne Parish Consolidated Government**

Statement of Activities  
For the Year Ended December 31, 2012

	<u>Government Activities</u>	<u>Component Unit TEDFO</u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	3,382	200
Interest expense	(415)	-
<b>TOTAL OTHER INCOME</b>	<u>2,967</u>	<u>200</u>
 <b>CHANGE IN NET POSITION</b>	 154,204	 (1,891)
<b>NET POSITION - Beginning</b>	<u>739,051</u>	<u>133,714</u>
<b>NET POSITION - Ending</b>	<u><u>\$ 893,255</u></u>	<u><u>\$ 131,823</u></u>

The accompanying notes are an integral part of this statement.



**Terrebonne Economic Development Authority**  
**Terrebonne Parish Consolidated Government**

Balance Sheet  
Governmental Fund Type – General Fund  
December 31, 2012

**ASSETS**

Cash and cash equivalents	\$ 621,621
Due from other governments	90,686
Micro economic development loans	23,162
Loan to unrelated party	10,767
Due from TEDFO	125,000
Prepaid insurance	6,514
Prepaid rent	<u>3,000</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 880,750</u></b>
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**LIABILITIES**

Accounts payable and accrued expenses	\$ 17,559
Payable to Parish Government	<u>4,866</u>

<b>TOTAL LIABILITIES</b>	<b><u>22,425</u></b>
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**FUND BALANCE**

Nonspendable	
Prepaid expenses	9,514
Unassigned	<u>848,811</u>

<b>TOTAL FUND BALANCE</b>	<b><u>858,325</u></b>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 880,750</u></b>
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The accompanying notes are an integral part of this statement.

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Statement of Revenues, Expenditures,  
and Changes in Fund Balance-  
Governmental Fund Type – General Fund  
For the Year Ended December 31, 2012

**REVENUES**

Occupational licenses	\$ 673,491
Innovation loan and technical assistance grants	62,490
BP technical claims assistance grant	48,440
Revolving loan administration fees	34,833
Other revenue	27,919
Economic development award program	3,905
<b>TOTAL REVENUES</b>	<u>851,078</u>

**EXPENSES**

Economic development and assistance:

Personal services	373,612
Contract services	31,852
Administrative	
Other services and charges	95,835
Travel and training	14,434
Office supplies	9,667
External and internal marketing	
Other services and charges	33,887
Events and meetings	23,670
Advertising	14,379
Travel, training, and trade shows	12,763
Innovation loan and technical assistance	
Contract services	31,265
Personal services	10,376
Supplies and material costs	2,686
Travel	205
BP technical assistance	
Contract services	23,468
Travel	783
Other services and charges	128
Business retention	
Other services and charges	6,828
Capital expenditures	16,297
Debt service	
Principal	1,274
Interest	400
<b>TOTAL EXPENSES</b>	<u>703,809</u>

The accompanying notes are an integral part of this statement.

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Statement of Revenues, Expenditures,  
and Changes in Fund Balance-  
Governmental Fund Type – General Fund  
For the Year Ended December 31, 2012

**OTHER FINANCING SOURCE**

Capital lease proceeds	<u>6,275</u>
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**OTHER INCOME (EXPENSE)**

Interest income	3,382
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Interest expense	<u>(15)</u>
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<b>TOTAL OTHER INCOME</b>	<u><u>3,367</u></u>
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<b>CHANGE IN FUND BALANCE</b>	156,911
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<b>FUND BALANCE - Beginning</b>	<u>701,414</u>
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<b>FUND BALANCE - Ending</b>	<u><u>\$ 858,325</u></u>
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The accompanying notes are an integral part of this statement.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Reconciliation of the Balance Sheet of the Governmental Fund  
to the Statement of Net Position  
December 31, 2012

Total fund balance - total governmental funds	\$ 858,325
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$103,482, net of accumulated depreciation of \$63,551, are not financial resources and, therefore, are not reported in the funds.	39,931
Current portion of \$1,495 and long-term portion of \$3,506 of capital lease obligation are not financial resources and are therefore not reported in the funds.	<u>(5,001)</u>
Net position of governmental activities	<u><u>\$ 893,255</u></u>

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance – Governmental Fund to the  
Statement of Activities  
December 31, 2012

Change in fund balance - governmental fund	\$ 156,911
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund reports capital outlays as expenditures whereas in the statement of activities, these costs are depreciated over their estimated useful lives.	
Depreciation expense	(14,003)
Capital outlays	<u>16,297</u>
	2,294
Governmental fund reports debt incurrence as other financing source and debt repayments as an expenditure, whereas these are not presented on the Statement of Activities.	
Proceeds from capital lease	(6,275)
Principal payments on capital lease	<u>1,274</u>
	<u>(5,001)</u>
Change in net position of governmental activities	<u><u>\$ 154,204</u></u>

The accompanying notes are an integral part of this statement.

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Terrebonne Economic Development District was created in 1989 as authorized by Louisiana Revised Statute 33:130.251. In 2004, pursuant to statutory revision, the District was replaced by the Terrebonne Economic Development Authority. The Authority is governed by a fourteen-member commission. The Authority is responsible for promoting, encouraging, and participating in industrial development to stimulate the economy through commerce, industry, and research and for the utilization and development of natural, physical, and human resources of Terrebonne Parish.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

**A. REPORTING ENTITY**

Because the Consolidated Government appoints the governing board and thusly can impose its will, the Terrebonne Economic Development Authority was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability. The accompanying financial statements present information only on the funds maintained by the Authority and do not present information on the consolidated government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

**B. INDIVIDUAL COMPONENT UNIT DISCLOSURES**

Discretely Presented Component Unit – The component unit column in the government-wide statement of net position and statement of activities includes the financial data of the Authority's component unit.

Terrebonne Economic Development Foundation (TEDFO), component unit, is a legally separate, nonprofit organization that reports under FASB standards. TEDFO acts primarily to assist in the efforts of economic development projects.

**C. METHOD OF ACCOUNTING**

GASB statements established standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

activities. It requires the classification of net position into three components – net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Authority’s highest level of decision-making authority. The Board of Commissioners must vote on commitments.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Assigned – This component of fund balance is intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the Authority's general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

The basic financial statements of the Authority are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**D. FUND TYPES**

The Authority reports the following fund type:

**Governmental Funds**

Governmental Funds are those through which the governmental functions of the Terrebonne Economic Development Authority are financed. The acquisition, use, and balances of the Authority's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the Authority:

General Fund – The General Fund is the general operating fund of the Authority. It is used to account for all financial resources.

**E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Fund Financial Statements (FFS)**

The amounts reflected in fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Authority considers all revenues available if they are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

**Government-Wide Financial Statements (GWFS)**

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**F. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENT**

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**G. CASH AND CASH EQUIVALENTS**

The Authority considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**H. BAD DEBTS**

The financial statements of the Authority contain no allowance for bad debts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the Authority.

**I. CAPITAL ASSETS**

Capital assets, consisting of office furniture, equipment, and website, are presented on the Statement of Net Position.

Depreciation of all capital assets is computed on the straight-line basis. Estimated useful lives of office furniture, equipment, and website upgrades are five to ten years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Assets are capitalized if their cost exceeds \$500 and the estimated life is greater than one year.

**J. ACCUMULATED VACATION AND SICK LEAVE**

Unused vacation time and sick days may not be carried over to another year and is not eligible for payment upon separation of employment, whether by voluntary or involuntary termination.

**K. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates of the Authority primarily relate to capital assets' useful lives.

**L. OPERATING BUDGETARY DATA**

As required by Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the Authority's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The budget was amended twice during the year.

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The General Fund budget is adopted on the modified accrual basis of accounting, excluding noncash items, such as depreciation.

**M. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the fund general ledgers, is not utilized by the Authority.

**NOTE 2 – DEPOSITS**

Under state law, the Authority may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another state in the Union, or the laws of the United States.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash - Primary Government	\$ 633,330	\$ 621,621
Cash - Component Unit	\$ 143,263	\$ 143,263

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a written policy for custodial credit risk. As of December 31, 2012, \$152,108 of the Authority's bank balance of \$633,330 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

As of December 31, 2012, cash was adequately collateralized in accordance with state law by securities held by an unaffiliated bank for the account of the Authority. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

As of December 31, 2012, due from other governments consists of the following:

Louisiana Innovation Loan and Technical Assistance Program	\$ 55,495
Community Development Block Grant	21,500
Terrebonne Parish Consolidated Government/Revolving Loan Fund	9,500
Louisiana Economic Development Award Program	3,905
Terrebonne Parish Consolidated Government/Occupational Licenses	286
	<u>\$ 90,686</u>

**NOTE 4 – MICRO ECONOMIC DEVELOPMENT LOANS**

During the year ended December 31, 2009, the Authority entered into two micro economic development loans with two separate businesses. The purpose of these loans is to aid businesses that are having financial difficulties. Terms of these loans are as follows:

Agreement Date	Total Amount	Interest Rate	Monthly Payment	Maturity Date
March 25, 2009	\$ 25,000	4.00%	\$ 400	May 15, 2015
March 25, 2009	\$ 23,000	4.00%	\$ 700	January 1, 2015

As of December 31, 2012, the total owed to The Authority was \$23,162.

Maturities of these loans are as follows:

<u>December 31,</u>	
2013	\$ 10,851
2014	10,499
2015	<u>1,812</u>
Total	<u>\$ 23,162</u>

**NOTE 5 – LOANS TO UNRELATED PARTIES**

During the year ended December 31, 2010, the Authority purchased a generator for \$24,000 from the State of Louisiana Department of Economic Development as a result of the loss of electricity caused by Hurricane Gustav. Under the terms of the agreement, the Authority would

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 5 – LOANS TO UNRELATED PARTIES (Cont.)**

sell the generator to an entity in the Terrebonne area in an effort to foster and hasten recovery after a hurricane. Under a Sale of Mortgage Agreement dated December 10, 2010, the Authority sold the generator to an unrelated party for \$24,000. The agreement bears no interest, includes a down payment of \$5,950, and requires 56 regular monthly installments of \$317 and one final payment on September 1, 2015 of the balance remaining. As of December 31, 2012, the unrelated party owed \$10,767 to The Authority.

Maturities of the long-term receivable are as follows:

<u>December 31,</u>	
2013	\$ 3,800
2014	3,800
2015	<u>3,167</u>
Total	<u>\$ 10,767</u>

On September 28, 2012, Terrebonne Economic Development Foundation (TEDFO) entered into a promissory note with an unrelated third party. The agreement bears interest at a rate of 4.00%, requires 84 regular monthly installments of \$820, and matures on October 1, 2019. The note is secured by all present and future equipment, all accessions, additions, replacements, and substitutions, all records of any kind, and all proceeds (including insurance, chattel paper, and other account proceeds). As of December 31, 2012, the unrelated party owed \$58,560 to TEDFO.

Maturities of the long-term receivable are as follows:

<u>December 31,</u>	
2013	\$ 7,638
2014	7,950
2015	8,273
2016	8,611
2017	8,961
2018	9,326
2019	<u>7,801</u>
Total	<u>\$ 58,560</u>

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 6 – CHANGES IN CAPITAL ASSETS**

Capital assets are valued at historical cost. Depreciation of all capital assets is calculated over the estimated useful lives using the straight-line method (five to ten years). Capital asset activity for the year ended December 31, 2012 was as follows:

	January 1, 2012	Additions	Deletions	December 31, 2012
Office furniture, equipment, and website	\$ 99,675	\$ 16,297	\$ (12,490)	\$ 103,482
Accumulated depreciation	(62,038)	(14,003)	12,490	(63,551)
Total capital assets, net	<u>\$ 37,637</u>	<u>\$ 2,294</u>	<u>\$ -</u>	<u>\$ 39,931</u>

**NOTE 7 – COMPENSATION OF COMMISSIONERS**

Board commissioners were not compensated for the year ended December 31, 2012.

**NOTE 8 – COMMITMENTS AND CONTRACTS**

Employee Contract

The Authority entered into an employment agreement with its Chief Executive Officer. The agreement commenced on August 8, 2011 and ends on August 8, 2014 and provides for a base salary and employee benefits.

Revolving Loan Fund Contract

The Authority entered into a cooperative endeavor agreement with the Terrebonne Parish Consolidated Government (the Parish) for the Terrebonne Revolving Loan Fund Program. The Parish agrees to pay the Authority an amount not to exceed \$40,000 for special projects. The agreement was effective beginning July 1, 2007 and automatically renews each consecutive year on July 1<sup>st</sup> if not terminated by the Parish or by the Authority within 30 days of the renewal date. The contract was renewed on July 1, 2012. For the year ended December 31, 2012, the Parish forwarded the Authority \$34,833 of administration fees related to the program.

Attorney Contract

The Authority entered into an agreement with its legal counsel on November 16, 2006. The agreement provides for legal services charged in tenths of an hour and other reimbursements. The agreement may be terminated by written notice from either party under the terms of the agreement.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 9 – CAPITAL LEASE OBLIGATION**

On January 26, 2012, the Authority entered into a capital lease agreement with a third party for a copier. Monthly principal and interest payments of \$152 are due with the final payment due on January 26, 2016. The amount of equipment on the statement of net position recorded under this capital lease is \$8,275. The following is a summary of changes in the capital lease obligation for the year:

Balance Beginning of Year	Incurred	Paid	Balance End of Year
\$ -	\$ 6,275	\$ 1,274	\$ 5,001

Aggregate maturities of the capital lease obligation for the years subsequent to December 31, 2012 are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,495	\$ 331	\$ 1,826
2014	1,614	212	1,826
2015	1,741	85	1,826
2016	151	1	152
Total	<u>\$ 5,001</u>	<u>\$ 629</u>	<u>\$ 5,630</u>

**NOTE 10 – OPERATING LEASE**

On May 27, 2009, the Authority signed a commercial lease agreement with an unrelated third party for the building from which it operates. The original term of the lease was for two years beginning on June 1, 2009 and ending on May 31, 2011. The Authority extended the lease for two additional terms of six months through April 30, 2012. The written agreement included monthly payments of \$3,000. Upon termination of the written agreement, the Authority continued renting the building on a month-to-month basis. Total rent expense under this lease is \$36,000 for 2012.

**NOTE 11 – POST-EMPLOYMENT BENEFITS**

The Authority does not offer post-retirement benefits to its employees.

**NOTE 12 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Authority carries commercial insurance or other insurance for the losses to which it is exposed. No settlements were made during the year. The Authority's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through May 31, 2013, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Terrebonne Economic Development Authority**  
**Terrebonne Parish Consolidated Government**

Budgetary Comparison Schedule  
Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget Over/(Under)</u>
<b>REVENUES</b>				
Occupational licenses	\$ 679,000	\$ 679,000	\$ 673,491	\$ (5,509)
Innovation loan and technical assistance	200,000	81,500	62,490	(19,010)
BP technical assistance	100,000	50,000	48,440	(1,560)
Revolving loan administration fees	38,000	38,000	34,833	(3,167)
Other revenue (banquet and contributions)	-	-	23,045	23,045
Badge re-entry fees	9,000	9,000	8,779	(221)
Interest income	2,580	2,580	3,382	802
Incubator cashflow	3,000	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 1,031,580</u>	<u>\$ 860,080</u>	<u>\$ 854,460</u>	<u>\$ (5,620)</u>
<b>EXPENDITURES</b>				
<u>General government</u>				
Personal services	\$ 366,221	\$ 366,221	\$ 373,612	\$ 7,391
Other services and charges	184,325	185,625	160,220	(25,405)
Innovation loan and technical assistance	137,536	66,500	44,532	(21,968)
Contract services	47,500	60,036	31,852	(28,184)
Travel, training, and trade shows	26,500	24,000	27,197	3,197
BP technical assistance	52,000	52,000	24,379	(27,621)
Capital expenditures	33,000	8,000	16,297	8,297
Advertising	20,000	20,000	14,379	(5,621)
Office supplies	8,000	8,000	9,667	1,667
Debt service	-	-	1,674	1,674
<b>TOTAL EXPENDITURES</b>	<u>\$ 875,082</u>	<u>\$ 790,382</u>	<u>\$ 703,809</u>	<u>\$ (86,573)</u>

See Independent Auditor's Report.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Terrebonne Economic Development Authority  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the aggregate discretely presented component unit of the Terrebonne Economic Development Authority (the Authority), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 31, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

To the Board of Commissioners  
Terrebonne Economic Development Authority  
Terrebonne Parish Consolidated Government

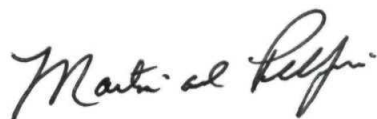
material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information and use of management, Board of Commissioners, and the Louisiana Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana  
May 31, 2013

**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses  
For the Year Ended December 31, 2012

**Section I – Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Terrebonne Economic Development Authority.
2. No significant control deficiencies were noted during the audit of the financial statements.
3. No instances of noncompliance, required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued.

**Section II – Financial Statement Findings**

No findings material to the financial statements of the Terrebonne Economic Development Authority were disclosed during the audit.

**Section III – Internal Control Findings**

No findings related to the Terrebonne Economic Development Authority's internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

**Section IV – Findings and Questioned Costs – Major Federal Award Program Audit**

This section is not applicable.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Management's Corrective Action Plan for Current Year Findings  
For the Year Ended December 31, 2012

The contact person for all corrective actions noted below is Mr. Steve Vassallo, Chief Executive Officer.

**Section I – Internal Control and Compliance Material to the Financial Statements**

This section is not applicable.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.



**Terrebonne Economic Development Authority**  
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Responses  
For the Year Ended December 31, 2012

Note: All prior findings relate to the December 31, 2011 audit engagement.

**Section I – Internal Control and Compliance Material to the Financial Statements**

This section is not applicable.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.